Horizontal Technology Integration/Technology Insertion/ and Commercial Technology Insertion Workshop

The workshop attempted to develop an approach and process for identifying Modernization Through Spares (MTS) candidates. The workshop identified the need to develop strategies that use existing Life Cycle Cost (LCC) reduction programs to modernize spare parts. The workshop analyzed case studies to: identify barriers limiting implementation, discuss impacts of the Acquisition Reform (AR) environment, and make recommendations to implement MTS as a process.

ENVIRONMENT

The workshop participants recognized that AR has created a positive environment for modernizing existing weapon systems using the MTS concept to upgrade systems. However, the feeling was that not everyone understands, accepts, or supports this modernization imperative. First, not all facets of the government have the same level of understanding and, second, industry participation is not identified as a crucial element of the implementation process . A common understanding of the "requirements" must exist within the government (legal, acquisition, technical, and logistic support) and contractor communities with all supporting the same objective. Leveraging contractor knowledge and capabilities for proactive identification of MTS opportunities and getting their support and participation in implementing our MTS concept and process is critical.

BARRIERS

Based on workshop discussions, the technical community generally understands how MTS is to work and is confident in its ability to accomplish the mission. However, the workshop identified a number of problems in implementing the process. Specifics problems are as follows:

1. LCC Programs Constraints: A variety of cost reduction programs exist with each having its own submission requirements and criteria. The community needs one door to walk through for Cost Reduction submissions with a consolidated set of documentation requirements and general rules for program guidance which apply to all programs.

2. Candidate Approval Constraints: Local government personnel manage multi-million dollar budgets and make spending decisions on a daily basis which far exceeds approval level caps on existing LCC reduction programs. These program caps appear to be unduly constraining since fiscal management and responsibility is a part of every manager's job. Allow local commanders a higher level cap for approving cost reduction initiatives.

3. Incentives are not maximized or fully implemented: Incentives such as shared savings for industry and individual bonuses for accepted cost reduction ideas must be included in contracts to motivate both government and contractor personnel to actively pursue implementation of the MTS concept.

4 The acquisition process must support our efforts with the legal, contracting, and material management functions understanding and supporting the same MTS objective.

These acquisition support function must reform their processes to support DoD acquisition streamlining initiatives.

5. Current process is Reactive vs. Proactive: The contractor community knows the technology base and the technology state of the systems. Leveraging this knowledge to modernize spare parts as a routine step before problems arises is the ultimate objective of the MTS process. Providing weapon system operation and support data to contractors will facilitate and enhance MTS candidate identification and spares modernization.

6. Results and outcomes of the MTS conference and workshops must be translate into follow-on activities to foster maturation and implementation of the MTS process. Follow up activities are not identified at this time.

APPROACH/PROCESS

The workshop attempted to identify a process for identifying MTS candidates. An ATCOM initiative titled "Candidate Selection Methodology" and a MICOM "Conceptual Technology Insertion Process" were accepted by the workshop as viable starting approaches. These processes require Life Cycle Cost Reduction Programs be mapped into their flow to form a process to actively identify and work MTS candidates. Making operations and sustainment data availability to Prime Contractors would help them identify items with potential for upgrade within the final process. (Process flows and the LCC Matrix Chart are in the Briefings.)

RECOMMENDATIONS

- Make MTS a request for proposal requirement: Require the contractor to include LCC reduction initiatives and plans in their proposals and include approaches and processes as evaluation criteria .
- Make CAIV Life Cycle Cost Objectives a performance specification requirement.
- Make field data available to Prime contractors: Provide contractors necessary data for proactive identification of MTS opportunities. Provide contractors a mechanism to identify and submit improvement ideas through the acquisition process and incentivize for success
- Consolidate the ATCOM and MICOM processes with the existing LCC programs to form a comprehensive proactive process for MTS.
- Expand the DA HTI program to include the MTS concept. Initiate the identification of common problems and common technologies for Army weapon systems.
- Implement an MTS overarching IPT to follow-up and mature the MTS concepts presented at the conference. Include Army/Industry research labs in the IPT.
- Implement and fund dedicated resources for development of performance specifications for spares.
- Emphasize acquisition reform training for the entire community with specific emphasis on legal and contracting reforms needed to support the DoD streamlined acquisition process.